

MUTUAL 14  
QUARTERLY BUDGET MEETING  
Monday, February 10, 2020, 10:00 AM  
Annapolis Room

Members present: Richard Bambach [Chair Pro Tem], Carol Ames, Bobbie Palmer,  
Kathy Viney  
Members absent: Laura Wiltz [Chair]  
Directors present: Ruth Hunter, Roger Blacklow, Beth Leanza, Leona O'Reilly

Restatement of purpose of meeting:

- To give board and committee members an opportunity to take a deep dive into the current financial performance of the Mutual
  - To recommend budgetary corrections to the board, if appropriate
1. Assessment of current budget v. year-end performance:  
Mr. Bambach presented his reasoning for deficit budgeting. He has set a goal of effecting an approximate \$30,000 annual deficit which would reduce Retained Income to the amount suggested by the Accounting Department, 10% of the total budget, over 10 years. However, this process has effected an actual deficit for 2019 of only \$6,296 and at these levels, it will take 14 years to reach the desired balance of Retained Income. At this rate it also will only require a \$3 condo fee increase to raise the assessment income enough to replace the funds provided from retained income that were used to cover the deficits in our planned deficit budgeting.
  2. Review of year-end financial statements - Expenditures versus budget:  
In reviewing the Income & Expense statement ending 12/31/19 and the list of Cash Investments as of 12/31/19 Mr. Bambach pointed out areas where the mutual spent more or less than budgeted. These variations are normal year-to-year. For example, the estimated or budgeted costs for electricity in 2019 were substantially higher than the actual costs, leading to a lower deficit. The plan is to monitor these estimated costs and the resulting deficit. The deficit, or amount over budget at year end, is covered from Retained Income, which we are trying to reduce [see #1].
  3. Summary of planned capital expenditures for 2020 and anticipated cash flow:  
Mr. Bambach presented his projection of how a higher price for the soffit project combined with the current reserve study projections will affect the Replacement Reserve balance.

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Submitted on behalf of the Budget Committee  
By Kathy Viney